

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Priority Mail Express, Priority Mail &  
First-Class Package Service Contract 5  
(MC2016-9)  
Negotiated Service Agreement

Docket No. CP2016-11

PUBLIC REPRESENTATIVE COMMENTS ON  
POSTAL SERVICE NOTICE OF CHANGE IN PRICES PUSUANT TO  
AMENDMENT TO PRIORITY MAIL EXPRESS, PRIORITY MAIL &  
FIRST-CLASS PACKAGE SERVICE CONTRACT 5

(November 8, 2016)

The Public Representative hereby provides comments pursuant to The Commission's Order Initiating this docket.<sup>1</sup> In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of an Amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 5.<sup>2</sup> The Postal Service's Notice includes a Statement of Supporting Justification, a Certification of Compliance with 39 U.S.C. § 3633(a) and supporting financial documentation. In addition, the Postal Service filed a redacted public version of the contract amendment. The contract amendment was also filed in its entirety as a non-public document, along with required financial data.

The instant contract amendment adds a Section I.M. to Contract 5 which concerns Package Intercept Service. The effective date of the instant contract

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<sup>1</sup> PRC Notice Initiating Docket No. CP2016-11, November 3, 2016.

<sup>2</sup> Notice of the United States Postal Service of Change in Prices Pursuant to Amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 5 with Portions Filed Under Seal, November 2, 2016 (Notice).

amendment is two business days following the day on which the Commission issues all necessary regulatory approvals. *Id.*

## COMMENTS

The Public Representative has reviewed the instant contract amendment, the Statement of Supporting Justification, and financial model filed under seal that accompanies the Postal Service's Notice. Based upon that review, the Public Representative concludes that the Amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 5 should be approved. It appears that the instant contract as amended should continue to generate sufficient revenues to cover costs and thereby satisfy the standards of 39 U.S.C. § 3633(a).

*Requirements of 39 U.S.C. § 3633.* Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. Based upon a review of the financial model, it appears the negotiated prices in the instant contract as amended should continue to generate sufficient revenues to cover costs during its first year. The Commission, of course, will have an opportunity to review the financial results for the instant contract as amended for compliance with 39 U.S.C. § 3633(a) each year of the contract in the Annual Compliance Determination.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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